



## STAFF REPORT

**To:** Honorable Mayor and Members of Town Council

**Through:** David L. Corliss, Town Manager

**From:** Mark Marlowe, P.E., Director of Castle Rock Water  
David Van Dellen, P.E., Assistant Director of Castle Rock Water  
Roy Gallea, P.E., Engineering Manager  
Scott Tait, E.I., Water Resources Project Manager

**Title:** **A Resolution Approving the E-85 Wastewater Intergovernmental Agreement Between the Town of Castle Rock Acting Through Its Water Enterprise and Dominion Water & Sanitation District Acting Through Its Sterling Ranch Wastewater Activity Enterprise and The Sterling Ranch Community Authority Board** [*Located in Northwestern Douglas County with the use of Douglas county's American Rescue Plan Act Funding for this project*]

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### Executive Summary

Castle Rock Water (CRW) is requesting Town Council approval of a Resolution (**Attachment A**) approving an Intergovernmental Agreement (IGA) (**Exhibit 1**) between CRW and Dominion Water & Sanitation District for mutual cooperation on the design and construction of the wastewater treatment and collection system for the Highway 85 corridor (the Project). The primary focus of this agreement is to provide the framework for a collaborative working relationship to design, construct, operate, maintain and invest in the infrastructure for wastewater collection & treatment and water reuse within the corridor extending from W. Happy Canyon Rd. north to W. Titan Rd. This agreement is consistent with the draft terms between Castle Rock and Dominion that were presented to Council as a part of the approval by Council on May 2, 2023, of the IGA between Castle Rock and Douglas County for Castle Rock to be the program manager for the Highway 85 corridor wastewater treatment and collection system project (the Project), see **Attachment B**.

Key terms of the agreement are:

- Castle Rock will implement Alternative 3 from the IGA between Castle Rock and Douglas County to provide 200,000 gallons per day on average of wastewater treatment and collection capacity and site the wastewater treatment facilities at the Chatfield Basin Water Reclamation Facility (CBWRF) site on the South Platte River.

- Dominion will provide 200,000 gallons per day of capacity in their existing collection system infrastructure (gravity line in Sterling Ranch, Titan Road Lift Station and Force Main, and other key infrastructure).
- Dominion will work to provide a permanent agreement with South Platte Renew to handle solids generated from the wastewater treatment facility for the Project so that separate solids handling facilities will not be necessary.
- Castle Rock and Dominion will jointly hire Carollo Engineers LLC to do the design for the CBWRF (the wastewater treatment plant).
- Castle Rock and Dominion will work to utilize alternative delivery methods like the construction manager at risk (CMAR) form of contracting where allowable under the ARPA funding mechanism.
- Funding for the Project will be ARPA funding from Douglas County with Dominion having the right to fund additional capacity in the system at their sole discretion.
- Castle Rock and Dominion will partner to permit wastewater discharge locations on the South Platte River and at Castle Rock Reservoirs 1 and 2.
- Castle Rock and Dominion will share ownership of a pump station to return reusable water supplies to Castle Rock Reservoirs 1 and 2 and to be determined locations for Dominion.
- Castle Rock will own, operate and maintain the Louviers Lift Station and all gravity sewer systems in the service area.
- Dominion will own, operate and maintain the CBWRF and all wastewater infrastructure downstream of the Louviers Lift Station.
- Castle Rock and Dominion will work together to determine final rates and fees for the service area based on cost of service.
- Castle Rock and Dominion will work together to develop system development fees for new development and redevelopment based on actual costs of capital infrastructure.
- Any system development fees collected for the first 200,000 gallons of capacity will all go back into building additional infrastructure for the Project. Above 200,000 gallons, the portion of the SDF related to Dominion's infrastructure will go to Dominion and Castle Rock will put the rest of the SDF into Project infrastructure (minus the 10% extraterritorial charge which Castle Rock will keep).
- The order of the use of the \$26.8M in ARPA funding in terms of priority will be Louviers Lift Station and Force Main, verification of capacities in Dominion's existing infrastructure, 400,000 gallons per day of wastewater treatment capacity and reuse pump station capacity, and design of the gravity system south of Louviers and additional capacity in the overall system.
- Castle Rock can provide service beyond the 200,000 gallons of capacity if customers in the service area pay all SDFs; build any needed infrastructure; meet Castle Rock's, Dominion's, and SPR's rules and regulations; and for new development or redevelopment have a renewable water supply.
- At Castle Rock's sole discretion, Castle Rock can use excess capacity in Castle Rock's system to purify reuse water supplies for Dominion.
- Dominion will be given the opportunity to purchase capacity in the future reconstruction of Castle Rock's Ravenna pipeline.

The key terms of the agreement include phasing of the Project. Phase 1 will be funded by Douglas County through \$26.8 Million in American Rescue Plan Act (ARPA) funding.

Phase 2 will entail the design and construction of a gravity sewer line towards Sedalia that will be funded by SDFs collected from new development and redevelopment occurring after January 1, 2023.

A summary of originally estimated Phase 1 project costs, bid pricing received to date, and future estimated costs associated with this agreement are shown below:

Task	ARPA Fund Estimates (Alternative 3)	Bid Pricing to Date
Engineering Fee	\$1,750,000.00	\$4,874,000.00 (1)
Construction and Easement Costs	\$23,282,000.00	N/A (2)
CRW Project Management Fee (1%)	\$268,000.00	\$268,000.00
Contingency	\$1,500,000.00	\$1,500,000.00
Total Cost	\$26,800,000.00	\$26,800,000.00

- (1) Castle Rock Water is working with Carollo, the design engineer proposed for the wastewater treatment plant, to reduce proposed engineering fees for that portion of the project. Castle Rock Water has also removed the design of the lift station and force main from Carollo’s scope due to the high bid pricing (\$1.75M) for those items and will be getting competitive bid pricing for those two items.
- (2) N/A – not available yet.

**Notification and Outreach Efforts**

Douglas County has produced a video and provided an email outreach of the video to their subscriber list for this project. Douglas County will continue to promote the project. CRW plans, in coordination with the Collaborative Project Delivery Team and Stakeholders to host an open house for the project. CRW will post project information on CRW’s Projects web page and along with updates for the project. CRW will work with Douglas County to provide an informational mailing to potential customers and residents in Louviers, Sedalia, and the broader service area (see **Attachment C**).

**History of Past Town Council, Boards & Commissions, or Other Discussions**

On April 26, 2023, Castle Rock Water Commission recommended Town Council approval of an IGA with Douglas County for the Highway 85 Wastewater Treatment and Collection Project.

On May 2, 2023 Town Council approved an IGA with Douglas County for the Highway 85 Wastewater Treatment and Collection Project. At this time, Town Council is also being requested to approve a resolution for an IGA with Dominion Water and Sanitation District for this Project and collaborative engagement within the corridor. An IGA with the Louviers Water and Sanitation District is at the terms discussion level with plans to bring the IGA to a future Town Council meeting.

Castle Rock Water staff presented this item to the Castle Rock Water Commission at their meeting held on June 28, 2023, and the Castle Rock Water Commission voted unanimously 6 0 to recommend that Town Council approve the Resolution as presented.

## Discussion

The infrastructure to be designed and constructed under this IGA will be completed in two phases. Phase 1 will be to construct infrastructure to provide roughly 200,000 gallons per day of average daily collection and treatment capacity in the Highway 85 corridor.

### Phase 1 (Current Plan)

- A Louviers Lift Station.
- A Louviers Force Main for conveying the Louviers wastewater to the Sterling Ranch sewer collection system.
- A CBWRF to treat the Louviers Lift Station wastewater.
- A Reuse Pump Facility for pumping the treated wastewater to Castle Rock's present CRR#1 and future CRR#2 reservoirs through the existing CRW Ravenna pipeline or the planned Chatfield Pump Back pipeline.

### Phase 2 (Future Plan)

- A gravity sewer line extending south to Sedalia and further South towards W. Happy Canyon Rd.
- Connections to the above noted gravity sewer line.

CRW will own the Louviers lift station, all of the gravity sewer lines in the service area, and be an owner of our prorated capacity in the RPF. Dominion will own the Louviers force main, the CBWRF and their prorated capacity of the RPF. CRW will be either the retail or wholesale wastewater provider to the existing collection system in Louviers depending on the IGA currently under discussion with the Louviers Water and Sanitation District and CRW as well as for the entire service area.

CRW will work with Douglas County to set up the appropriate escrow accounts for each contract awarded as part of the project. As design progresses, Castle Rock will begin easement and property identification and acquisition. Temporary easements will be obtained that are needed for the construction of the infrastructure. Easements will also be obtained for a potential multipurpose trail that Douglas County is planning if any of the proposed locations match the wastewater collection piping routes. Also, as part of the design, permitting will be completed for each work phase. As designs for each phase are complete as appropriate depending on the delivery method used, construction bidding will be completed. Work will be awarded with Douglas County concurrence.

CRW is planning on constructing the infrastructure using alternative delivery methods as allowed based on the ARPA funding rules. For example, Castle Rock will consider the CMAR (Construction Manager at Risk) delivery method for some components of the project. The CMAR delivery method is designed for speed of construction implementation and transparency of costs in addition to communitive and excellent collaboration between internal and external stakeholders of the project. At the 30% engineering design level, construction contractors will be solicited to submit labor, materials, overhead and profit proposals for the project which Castle Rock will oversee and evaluate with input from the professional engineering services team. The CMAR contractor will provide a Guaranteed Maximum Price Construction Management (GMPCM) contract at that time and work towards developing a Final Guaranteed Maximum Price (FGMP) contract.

### Provision of Wastewater Service

Once the project infrastructure is complete, Castle Rock Water will own, operate, maintain, repair and replace the Louviers lift station infrastructure in the Highway 85 corridor, any gravity sewer constructed in the service area, and prorated capacity in the RPF. The wastewater treatment plant (CBWRF) and the Louviers Force Main will be assigned to Dominion to own, operate, maintain, repair and replace once construction is complete.

Castle Rock Water will provide retail and/or wholesale wastewater service in the Service Area. In addition to operating and maintaining the system, this service will include an annual cost of service evaluation and setting of rates and fees, billing and customer service. Castle Rock will also consider providing retail water service where water supply is available and the customer would like to have that service as well as part of a more holistic retail service.

As the wastewater provider, CRW will also annually evaluate and set SDFs to be paid by customers connecting to the system, which fees will be different for existing development verses new development and redevelopment. For all potential customers, CRW will determine necessary improvements, available capacity and SDFs and then provide a will serve letter if service can be provided.

CRW will utilize SDFs to build Phase 2 of the project in the future to allow service to be provided beyond the capacities created in Phase 1. SDF revenue will be put into a project fund. As funds accrue, Castle Rock will design, permit and construct additional infrastructure in the corridor. Ultimately, the concept will be to construct a full collection system from the Titan Road Lift Station to just North of Plum Creek Water Reclamation Authority and approximately 1 million gallons per day of average daily flow treatment capacity. Beyond Phase 1 capacities, CRW will evaluate availability of renewable water supplies for new development and redevelopment. Confirmation of renewable water supplies will be an additional requirement in order to gain wastewater services.

### Budget Impact

The monies for this IGA will be funded by Douglas County and SDFs from new development and redevelopment permitted after January 1, 2023. CRW will receive a 1% fee (\$268,000) for the project management of Phase 1.

### Staff Recommendation

Staff recommends approval of the E-85 Wastewater IGA between the Town of Castle Rock acting through its water enterprise and Dominion Water & Sanitation District acting through it Sterling Ranch Water Activity Enterprise and the Sterling Ranch Community Authority Board.

### Proposed Motion

*"I move to approve the Resolution as introduced by title."*

**Alternative Motions**

*“I move to approve the resolution as introduced by title, with the following conditions: (list conditions).”*

*“I move to continue this item to the Town Council meeting on \_\_\_\_\_ date to allow additional time to (list information needed).”*

**Attachments**

- Attachment A: Resolution
- Exhibit 1: Agreement
- Attachment B: Douglas County – Castle Rock IGA
- Attachment C: Service Area Map